

# International Share Index

Quarterly Investment Option Update

30 June 2020

## Aim and Strategy

The strategy aims to provide returns that track the MSCI World ex-Australia ex-tobacco Index with net dividends reinvested. This option is unhedged to Australian dollars. Exposure to the International Shares asset class will be attained through the use of low cost index-focused investment managers.

## Investment Option Performance

To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au)

## Investment Option Overview

<b>Investment category</b>	Global Shares
<b>Suggested minimum investment timeframe</b>	5 - 7 years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Index
<b>Manager style</b>	Single

<b>Asset Allocation</b>	<b>Benchmark (%)</b>
International shares	100
Cash	0

<b>Actual Allocation</b>	<b>%</b>
International Shares	96.26
Australian Shares	0.26
Listed Property and Infrastructure	2.70
Others	0.25
Cash	0.54

<b>Sector Allocation</b>	<b>%</b>
Information Technology	21.82
Health Care	14.22
Financials	12.30
Consumer Discretionary	11.16
Industrials	9.77
Communication Services	8.95
Consumer Staples	7.56
Materials	4.06
Utilities	3.36
Energy	3.22
Real Estate	3.01
Cash	0.54
Others	0.03

<b>Top Holdings</b>	<b>%</b>
Apple Inc	3.94
Microsoft Corp	3.63
Amazon.com Inc	2.88
Alphabet Inc	2.13
Facebook Inc	1.34
Johnson & Johnson	0.91
Visa Inc	0.81
Nestle SA	0.81
Procter & Gamble Co/The	0.73
JP Morgan Chase & Co	0.71

<b>Region Allocation</b>	<b>%</b>
North America	69.65
Europe ex UK	15.71
Japan	8.14
United Kingdom	4.38
Asia ex Japan	1.47
Cash	0.54
Australasia	0.11
Others	0.01

## Fund Performance

The Fund produced a strong return over the June quarter, as international shares surged back from their March lows.

The MSCI World ex Australia index finished the period up 18.5%, as virus-related market panic progressively dissipated and lockdowns began to be lifted. Death rates, while high, were also far below previous 'worst-case' scenario estimates. As businesses reopened, most governments maintained (and in some cases even increased) their stimulus programmes on offer, leading to continued support for share prices. Various economic indicators also appeared to confirm a global economic recovery was indeed underway, reflected in sharp rises in business confidence and falling rates of unemployment.

However, contrary to the markets' bullish sentiment, the list of concerns on many investors' radars only appeared to grow, with issues such as civil unrest in the US, the upcoming US election, Chinese tensions (with Hong Kong, the US, India and even Australia) and an apparently rising risk of a 'second wave' of COVID-19 infections (particularly in the US) leading to a growing sense of unease. Perhaps most pressingly for shares, corporate earnings visibility remains low, resulting in many businesses being hard to value, particularly over the short-term.

(Index quoted in local currency terms and on a total-return basis.)

## Market Review

Global shares surged back from their March lows over the June quarter, with the MSCI World ex Australia index finishing the period up by 18.5%. This came as virus-related market panic progressively dissipated and lockdowns began to be lifted. Death rates, were also far below previous 'worst-case' scenario estimates. As businesses reopened, most governments maintained (and in some case even increased) their stimulus programmes on offer, leading to continued support for share prices. Various economic indicators also appeared to confirm a global economic recovery was indeed underway, reflected in sharp rises in business confidence and falling rates of unemployment. Contrary to the markets' bullish sentiment, the list of concerns on many investors' radars however only appeared to grow, with issues such as civil unrest in the US, the upcoming US election, Chinese tensions (with Hong Kong, the US, India and even Australia) and a rising risk of a 'second wave' of COVID-19 infections (particularly in the US) leading to a growing sense of unease. Perhaps most pressingly for shares, corporate earnings visibility remains low, resulting in many businesses being hard to value, particularly over the short-term. Emerging markets meanwhile were also very strong, driven by the same trends as broader developed markets to return 16.7% over the quarter as measured by the MSCI Emerging Markets index. (Indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

## Outlook

Given a lack of earnings visibility, we believe investors should exercise some caution, particularly where prices have risen quickly. Amid changing consumer dynamics, many companies will likely struggle for some time, while stronger businesses are likely to emerge from the COVID-19 crisis with gained market share. Pressure on global economies has however begun to ease as various lockdowns and restrictions have been lifted, while highly supportive monetary and fiscal policy continues to provide solid support. While second wave fears persist and are temperamentally traded on, thereby presenting potential retraces/pullbacks, we believe the longer-term market trend will remain to the upside. As always, while the near-term direction of markets is impossible to accurately predict, we generally believe that those with a diversified portfolio of quality businesses, bought at a reasonable price, are likely to do well over the long-term.

## Availability

Product Name	APIR
CustomSuper	AMP0858AU
Flexible Lifetime - Allocated Pension	AMP0871AU
Flexible Lifetime - Super	AMP0858AU
Flexible Lifetime - Term Pension	AMP0902AU
SignatureSuper	AMP0807AU
SignatureSuper - Allocated Pension	AMP1165AU

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